

**Florida Parishes Juvenile Justice District**  
**Annual Financial Statements**

**As of June 30, 2011 and for the Year Then Ended**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 25 2012**

**Florida Parishes Juvenile Justice District**  
**Annual Financial Statements**  
**As of June 30, 2011 and for the Year Then Ended**  
**With Supplemental Information Schedules**

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**Florida Parishes Juvenile Justice District**  
**Annual Financial Statements**  
**As of June 30, 2011 and for the Year Then Ended**  
**With Supplemental Information Schedules**

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### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commission  
Florida Parishes Juvenile Justice District, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Florida Parishes Juvenile Justice District (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Florida Parishes Juvenile Justice District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Florida Parishes Juvenile Justice District, as of June 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the Florida Parishes Juvenile Justice District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 7 through 15 and 45 through 47 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considered it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florida Parishes Juvenile Justice District's basic financial statements as a whole. The schedule of compensation paid board members presented on page 49 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Parthiv Patel*

December 5, 2011

**Required Supplemental Information (Part I)**  
**Management's Discussion and Analysis**

## **Florida Parishes Juvenile Justice District**

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2011**

#### **Introduction**

The Florida Parishes Juvenile Justice District (the District) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), and related standards.

The District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position, (d) identify any significant variations from the District's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the District's financial statements on pages 16 through 22 of this report.

#### **Financial Highlights**

- At June 30, 2011, the District's assets exceeded its liabilities by \$18,433,098 (net assets). Of this amount, \$10,388,485 (unrestricted net assets) may be used to meet the District's ongoing obligations.
- For the year ended June 30, 2011, the District's total net assets increased by \$2,345,245.
- At June 30, 2011, the District's governmental funds reported combined ending fund balances of \$11,236,274, a decrease of \$1,538,428 for the year. Of this amount, \$3,311,157 is available for spending at the District's discretion (unassigned fund balances).
- For the year ended June 30, 2011, the District's total long-term debt decreased by \$600,000.

#### **Overview of the Annual Financial Report**

The financial statement focus is on both the District as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the District's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The MD&A is intended to serve as an introduction to the District's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

## **Florida Parishes Juvenile Justice District**

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2011**

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets and changes in the components of net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus revenues and expenses are reported in this statement for some items that only result in cash flows in future fiscal periods (e.g., court cost and grant revenue).

The government-wide financial statements can be found on pages 16 and 17 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. All of the funds of the District are governmental type funds.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



## **Florida Parishes Juvenile Justice District**

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2011**

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Change in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The reconciliations can be found on pages 20 and 22 of this report.

The District adopts an annual appropriated budget for its general fund and special revenue fund. A budgetary comparison statement had been provided for the general fund and special revenue fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

#### **Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 43 of this report.

**Florida Parishes Juvenile Justice District**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2011**

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the District's net assets for the current year as compared to the prior year.

**Condensed Statement of Net Assets**  
**June 30, 2011 and 2010**

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>Assets</b>		
Current and Other Assets	\$ 11,994,917	\$ 13,385,749
Capital Assets	<u>10,770,923</u>	<u>7,379,259</u>
Total Assets	<u>22,765,840</u>	<u>20,765,008</u>
<b>Liabilities</b>		
Long-Term Debt Outstanding	3,320,000	3,920,000
Other Liabilities	<u>1,012,742</u>	<u>757,155</u>
Total Liabilities	<u>4,332,742</u>	<u>4,677,155</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	7,922,326	7,324,215
Restricted for Capital Projects	122,287	3,654,759
Unrestricted	<u>10,388,485</u>	<u>5,108,879</u>
Total Net Assets	<u>\$ 18,433,098</u>	<u>\$ 16,087,853</u>

Approximately 43% of the District's net assets reflects its investments in capital assets (land, buildings, equipment, and improvements) net of any outstanding related debt used to acquire those capital assets.

Approximately 56% of the District's net assets are unrestricted and may be used to meet the District's ongoing obligations.

Approximately 1% of the District's net assets are restricted for capital projects.

The District's activities increased its total net assets by \$2,345,245.

## Florida Parishes Juvenile Justice District

### Management's Discussion and Analysis As of and for the Year Ended June 30, 2011

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the District's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on page 17 of this report.

#### Condensed Statement of Activities For the Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 351,769	\$ 635,672
Operating Grants and Contributions	289,744	313,123
General Revenues:		
Ad Valorem Taxes	7,768,409	7,510,907
Court Costs	385,729	413,986
Interest and Other Revenue	31,514	41,620
Sale of Fixed Asset	541	2,504
Total Revenues	<u>8,827,706</u>	<u>8,917,812</u>
<b>Expenses</b>		
Public Safety	6,482,461	6,601,624
Total Expenses	<u>6,482,461</u>	<u>6,601,624</u>
<b>Changes in Net Assets</b>	2,345,245	2,316,188
<b>Net Assets, Beginning</b>	16,087,853	13,771,665
<b>Net Assets, Ending</b>	<u>\$ 18,433,098</u>	<u>\$ 16,087,853</u>

#### Revenues

Total revenues decreased by \$90,106 or approximately 1% from the previous year. This decrease is due primarily to decreases of \$283,903 in charges for services, \$28,257 in Court Costs and \$10,106 in interest and other revenue offset by an increase in Ad Valorem Taxes of \$257,502.

## **Florida Parishes Juvenile Justice District**

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2011**

#### **Expenses**

Total expenses decreased by \$119,163 or 2 % from the previous year. The decrease in expenses was due primarily to decreases in salary and benefits.

#### **General Fund Budgetary Highlights**

For the general fund, actual revenues and other financing sources were \$24,919 less than final budgeted amounts. Actual expenditures and other financing uses were \$644,195 less than final budgeted amounts. The net change in fund balance was \$619,276 more than final budgeted amounts.

For the general fund, original budgeted revenues and other financing sources were \$6,602,900 and final budgeted revenues and other financing sources were \$6,547,950. Original budgeted expenditures and other financing uses were \$6,371,100 and final budgeted expenditures and other financing uses were \$6,466,300.

Significant variations from the general fund's original budget amounts and final budget amounts are as follows:

- Legal increased by \$93,200 from \$175,000 to \$268,200.

Significant variations from the general fund's final budget amounts and actual amounts are as follows:

- Actual salaries and related benefits were \$217,424 less than the final budgeted amounts. Salary expense was \$133,047 less than the final budgeted amount and health insurance was \$109,194 less than the final budgeted amount.
- Actual operating services were \$128,465 less than the final budgeted amounts including advertising \$10,545, insurance \$14,709, maintenance \$18,056 and equipment rentals of \$45,947. Equipment rental was paid from the capital project fund.
- Actual operating supplies were \$116,107 less than the final budgeted amounts. Actual food cost was \$57,222 under budget and medical was \$25,547 under budget.
- Actual capital outlay expenditures were \$161,107 less than the final budgeted amounts.

## **Florida Parishes Juvenile Justice District**

### **Management's Discussion and Analysis As of and for the Year Ended June 30, 2011**

#### **Capital Assets**

The District's investment in capital assets as of June 30, 2011 was \$10,770,923 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and equipment. The accumulated depreciation was \$3,683,676 with the cost of capital assets being \$14,454,599 as of June 30, 2011.

This year's major additions included:

- Architect fees and construction fees totaling \$3,467,191 for the capital improvement project.
- Computer equipment totaling \$45,005.
- Kubota tractor totaling \$13,120.
- Improvements to the existing building and grounds totaling \$197,087.

Additional information on the District's capital assets can be found in Note 6 of this report.

#### **Long-Term Debt**

The primary source of long-term financing for Florida Parishes Juvenile Justice District improvements is Certificate of Indebtedness, Series 2009 Bonds. Payments of the certificates shall be secured by and payable in principal and interest solely by a pledge and dedication of the avails or proceeds derived from the levy and collection of a general ad valorem tax of three (3) mills authorized to be levied and collected through the year 2015 pursuant to an election held on November 2, 2004. Payments are due in semi-annual installments on September 1 and March 1. The first payment began on September 1, 2009 and the last payment will be paid March, 2016. Interest only payments are made on September 1 and principal and interest payments are made on March 1.

Additional information can be found in Note 7 of this report.

#### **Economic Factors and Next Year's Budget**

The following factors were considered in preparing the District's budget for 2012:

The General Fund Budget will include an increase of \$959,600 in the transfer from the Special Revenue Fund due to an expected increase in salary and related benefits of \$810,300. The increase will consist of increases in salaries of \$394,600, retirement of \$163,800 and health insurance of \$217,400.

Debt service payments are budgeted in the amount of \$721,924.

**Florida Parishes Juvenile Justice District**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2011**

**Request for Information**

The financial report is designed to provide our citizens and creditors with a general overview of the District's finances and reveal the District's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Peggy Hoover, Post Office Box 2, Hammond, Louisiana 70404-0002.

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# **Basic Financial Statements**

## **Government-Wide Financial Statements**

**Florida Parishes Juvenile Justice District****Statement A****Statement of Net Assets  
June 30, 2011**

<b>Assets</b>	<b>Governmental Activities</b>
Cash and Cash Equivalents	\$ 8,985,299
Investments	2,772,901
Receivables, Net	144,490
Deferred Bond Issuance Cost, Net	26,834
Prepaid Expense	65,393
Land	304,579
Construction in Progress	4,318,255
Capital Assets, Net of Depreciation	6,148,089
Total Assets	<u>22,765,840</u>
<b>Liabilities</b>	
Accounts Payable	128,757
Construction Payable	154,561
Retainage Payable	194,555
Other Accrued Expenses	176,062
Accrued Interest Payable	33,975
Accrued Salary Payable	77,874
Non-Current Liabilities	
Due Within One Year	620,000
Due in More Than One Year	2,700,000
Postemployment Healthcare Benefits Payable	246,958
Total Liabilities	<u>4,332,742</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	7,922,326
Restricted for Capital Projects	122,287
Unrestricted	10,388,485
Total Net Assets	<u>\$ 18,433,098</u>

The accompanying notes are an integral part of this statement.



**Florida Parishes Juvenile Justice District**

**Statement B**

**Statement of Activities  
For the Year Ended June 30, 2011**

**Governmental Activities:**

**Expenditures:**

Public Safety:

Salaries and Related Benefits	\$ 4,186,641
Travel and Training	69,013
Operating Services	528,835
Operating Supplies	465,393
Professional Services	491,395
Depreciation	338,486
Interest on Long-Term Debt	114,204
Sheriff's Pension Fund	288,494
Total Expenditures	<u>6,482,461</u>

**Program Revenues:**

Fees for Services	351,769
Operating Grants and Contributions	289,744
Total Program Revenues	<u>641,513</u>

**Net Program (Expense)** (5,840,948)

**General Revenues:**

Ad Valorem Taxes	7,768,409
Court Costs	385,729
Interest and Other Revenue	31,514
Sale of Fixed Assets	541
Total General Revenues	<u>8,186,193</u>

<b>Change in Net Assets</b>	2,345,245
<b>Net Assets, Beginning of Year</b>	<u>16,087,853</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 18,433,098</u></u>

The accompanying notes are an integral part of this statement.

# **Basic Financial Statements**

## **Governmental Fund Financial Statements**

**Florida Parishes Juvenile Justice District**

**Statement C**

**Balance Sheet  
Governmental Funds  
June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 796,459	\$ 7,597,437	\$ 591,403	\$ 8,985,299
Investments	2,772,901	-	-	2,772,901
Receivables, Net	124,490	20,000	-	144,490
Prepaid Expenses	65,393	-	-	65,393
Total Assets	<u>\$ 3,759,243</u>	<u>\$ 7,617,437</u>	<u>\$ 591,403</u>	<u>\$ 11,968,083</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts Payable	\$ 128,757	\$ -	\$ -	\$ 128,757
Construction Payable	-	-	154,561	154,561
Retainage Payable	-	-	194,555	194,555
Other Accrued Expenses	176,062	-	-	176,062
Accrued Salary Payable	77,874	-	-	77,874
Total Liabilities	<u>382,693</u>	<u>-</u>	<u>349,116</u>	<u>731,809</u>
Fund Balances:				
Nonspendable For:				
Prepaid Insurance	48,040	-	-	48,040
Prepaid Fire & Security	6,953	-	-	6,953
Prepaid Training	10,400	-	-	10,400
Restricted For:				
Working Capital	-	3,984,752	-	3,984,752
Capital Projects	-	-	122,287	122,287
Committed For:				
Capital Projects	-	-	120,000	120,000
Assigned For:				
Debt Service	-	3,632,685	-	3,632,685
Unassigned	3,311,157	-	-	3,311,157
Total Fund Balances	<u>3,376,550</u>	<u>7,617,437</u>	<u>242,287</u>	<u>11,236,274</u>
Total Liabilities and Fund Balances:	<u>\$ 3,759,243</u>	<u>\$ 7,617,437</u>	<u>\$ 591,403</u>	<u>\$ 11,968,083</u>

The accompanying notes are an integral part of this statement.

**Florida Parishes Juvenile Justice District**

**Statement D**

**Reconciliation of the Governmental Funds Balance Sheet to  
the Government-Wide Statement of Net Assets  
June 30, 2011**

**Fund Balances, Governmental Funds, Statement C**

**\$ 11,236,274**

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. These assets consist of :

Capital Assets, Net of Depreciation 10,770,923

Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds

Deferred bond issuance costs 26,834

Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet

(33,975)

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

Certificates of Indebtedness

Due within one year (620,000)

Due in more than one year (2,700,000)

Other postemployment obligations liability is not due and payable in the current period, and therefore, is not reported in the funds.

(246,958)

**Net Assets, Governmental Activities, Statement A**

**\$ 18,433,098**

The accompanying notes are an integral part of this statement.

**Florida Parishes Juvenile Justice District**

**Statement E**

**Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2011**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Court Costs	\$ 385,729	\$ -	\$ -	\$ 385,729
Fees for Services	351,769	-	-	351,769
Medical Billings	5,160	-	-	5,160
Intergovernmental	-	284,584	-	284,584
Ad Valorem Taxes	-	7,768,409	-	7,768,409
Interest and Other	27,332	1,463	2,719	31,514
Total Revenues	<u>769,990</u>	<u>8,054,456</u>	<u>2,719</u>	<u>8,827,165</u>
<b>Expenditures</b>				
Public Safety:				
Salaries and Benefits	4,077,876	-	-	4,077,876
Travel and Training	69,013	-	-	69,013
Operating Services	460,835	-	68,000	528,835
Operating Supplies	465,393	-	-	465,393
Professional Services	491,395	-	-	491,395
Other	-	288,494	-	288,494
Capital Outlay	257,593	-	3,467,191	3,724,784
Debt Service:				
Principal	-	600,000	-	600,000
Interest and Fees	-	120,344	-	120,344
Total Expenditures	<u>5,822,105</u>	<u>1,008,838</u>	<u>3,535,191</u>	<u>10,366,134</u>
<b>Excess Revenues (Expenditures)</b>	<u>(5,052,115)</u>	<u>7,045,618</u>	<u>(3,532,472)</u>	<u>(1,538,969)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	541	-	-	541
Operating Transfers In (Out)	5,752,500	(5,872,500)	120,000	-
Total Other Financing Sources (Uses)	<u>5,753,041</u>	<u>(5,872,500)</u>	<u>120,000</u>	<u>541</u>
<b>Net Changes in Fund Balances</b>	700,926	1,173,118	(3,412,472)	(1,538,428)
<b>Fund Balances, Beginning</b>	2,675,624	6,444,319	3,654,759	12,774,702
<b>Fund Balances, Ending</b>	<u>\$ 3,376,550</u>	<u>\$ 7,617,437</u>	<u>\$ 242,287</u>	<u>\$ 11,236,274</u>

The accompanying notes are an integral part of this statement.

**Florida Parishes Juvenile Justice District**

**Statement F**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2011**

**Net Change in Fund Balances, Governmental Funds, Statement E** **\$ (1,538,428)**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital Outlay	3,724,784
Depreciation Expense	(333,120)

Accrued interest expense on long-term debt is reported in the government-wide statement of activities and changes in net assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.

Change in accrued interest payable	6,140
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas this amount is deferred and amortized in the statement of activities.

Debt Principal Payment	600,000
Amortization of Bond Issuance Cost	(5,366)

The net change in the liability for postemployment healthcare benefits is reported in the government-wide statements, but not in the governmental fund statements.	(108,765)
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**Change in Net Assets, Governmental Activities, Statement B** **\$ 2,345,245**

The accompanying notes are an integral part of this statement.

## Notes to the Financial Statements

**Florida Parishes Juvenile Justice District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

**Introduction**

The Florida Parishes Juvenile Justice District (hereinafter referred to as the "District") was created by the Louisiana State Legislature under the provisions of the Louisiana Revised Statute 15:1094, as a political subdivision of the state, with territorial jurisdiction throughout the Twenty-First and Twenty-Second Judicial Districts, including the parishes of Livingston, St. Helena, St. Tammany, Tangipahoa and Washington. The District is governed by a Board of Commissioners composed of seven commissioners who are residents of the District. Two commissioners are appointed for terms of four years by the judges of the Twenty-First Judicial District; two commissioners are appointed for terms of four years by the judges of the Twenty-Second Judicial District; one commissioner is jointly appointed for a term of four years by the judges of the city courts of Bogalusa and Slidell; one commissioner is jointly appointed for a term of four years by the judges of the City of Denham Springs and Hammond and, on an alternating basis, one commissioner shall be appointed for a term of two years by the District Attorney of the Twenty-First Judicial District and by the District Attorney of the Twenty-Second Judicial District. All appointments must be confirmed by the Senate. The Board of Commissioners receive no compensation for their services on the board.

The purpose of the commission is to assist and afford opportunities to children who enter the juvenile justice system, or who are children in need of care or supervision, to become productive, law-abiding citizens of the community, parish, and state by the establishment of rehabilitative programs within a structured environment and to provide physical facilities and related services for children throughout the parishes of Livingston, St. Helena, St. Tammany, Tangipahoa and Washington.

The Board has authority to purchase or otherwise acquire, construct, reconstruct, rehabilitate, improve, repair, operate, lease as lessor or lessee, manage, and administer or enter into contracts for the management, administration, and operation of a juvenile detention facility or facilities, shelter care facility or facilities, or such other juvenile justice facilities as are useful, necessary, expedient, or convenient to carry out the plans and purposes of the commission and for the orderly conduct of its business.

The District presently owns and operates the Florida Parishes Juvenile Detention Center, a 95-bed secure detention facility housing juveniles. Management and operation of the detention center is performed by a superintendent and 90 plus employees. Funding for the District is provided by: (1) court costs levied on all felony and misdemeanor prosecutions, including traffic offenses by any court in the District, (2) charges for services provided by the detention center and (3) grants from the Department of Corrections, State of Louisiana.



## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

#### **1. Summary of Significant Accounting Policies**

##### **Basis of Presentation**

The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principals. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

##### **Financial Reporting Entity**

As the governing authority of the District, for reporting purposes, the Florida Parishes Juvenile Justice District is the financial reporting entity for the District. The financial reporting entity consists of a) the primary government (board), b) organizations for which the primary government is financially accountable, and c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Florida Parishes Juvenile Justice District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the District to impose its will on that organization and or/
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.
2. Organizations for which the Board does not appoint a voting majority but are fiscally dependent on the District.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

Based on the application of the above criteria, it was determined the Florida Parishes Juvenile Justice District has no potential component unit. As a result, this report includes all funds and account groups which are controlled by or dependent on the District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

#### **Fund Accounting**

The District uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the District include:

General Fund - the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Fund - used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of a major capital facilities.

#### **Measurement Focus/Basis of Accounting**

##### **Basic Financial Statements - Government-Wide Financial Statements (GWFS)**

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Florida Parishes Juvenile Justice District. The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from *general revenues*.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Basic Financial Statements - Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Fund financial statements report detailed information about the Florida Parishes Juvenile Justice District. The focus of governmental funds financial statements is on major funds rather than reporting funds by type. The major funds of the District are the General Fund, Special Revenue Fund and Capital Project Fund.

The modified accrual basis of accounting is used by Governmental Funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

#### **Revenues**

Revenues from ad valorem taxes, court costs, and other services are recognized when they become measurable and available as net current assets (i.e., when the service is performed). Substantially all other revenues are recorded when received.

#### **Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

#### **Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid, funds for operating expenses, long-term debt proceeds, etc., are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

#### **Budgets**

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39:1301-14. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District must adopt a budget each year for the general fund and each special revenue fund, if applicable.
2. Management works with the District's accountant to prepare a proposed budget and submit the proposed budget to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction. The proposed budget was submitted to the board of commissioners on May 12, 2010. Upon acceptance by the board, the proposed budget was published in the official journal in each parish in which the District has jurisdiction.
3. A public hearing on the proposed budget must be held at least ten days after publication of the call for the hearing. A public hearing was held on the proposed budget on June 16, 2010.
4. After the public hearing, the budget is adopted by ordinance. All action necessary to adopt and implement the budget must be completed prior to the end of the fiscal year in progress. The budget was adopted on June 16, 2010.
5. The District must certify completion of all actions required to adopt and implement the budget by publishing a notice in the official journal in each parish in which the District has jurisdiction.
6. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was amended on June 13, 2011.
7. All budgetary appropriations lapse at the end of each fiscal year.

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

The following fund had total expenditures and other uses over appropriations for the fiscal year ended June 30, 2011:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue	\$ 6,622,844	\$ 6,753,344	\$ 6,881,338	\$ (127,994)

The unfavorable variance did not result in a violation of the Local Government Budget Act.

#### **Encumbrances**

The District does not utilize encumbrance accounting.

#### **Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Cash also includes amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at original cost.

#### **Inventories and Prepaid Items**

The District uses the purchase method for accounting for expendable supplies whereby expenditures are recognized when the items are purchased. The District did not record any inventory at June 30, 2011, as the amount is not material. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing.

Capital assets are recorded in the Government-Wide Financial Statements, but are not reported in the Fund Financial Statements. All capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 15 to 40 years for buildings and improvements, and 5 to 20 years for equipment.

**Florida Parishes Juvenile Justice District**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2011**

**Fund Equity**

**Government-Wide Net Assets:**

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those amounts.
2. Restricted net assets - net assets with constraints placed on the use either by :
  - a. external groups such as creditors, grantors, contributors or laws or regulations of other governments, or
  - b. law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable fund balance – amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted fund balance – amounts that can be spent only for specific purposes because of the Constitution of the State of Louisiana, other state and federal laws, or externally imposed conditions by grantors, creditors, or voter approved propositions.
3. Committed fund balance – amounts that can be used only for specific purposes determined by a formal action by the District's board.
4. Assigned fund balance – amounts that are constrained by the District's intent that they will be used for specific purposes. The District's board is the only body authorized to assign amounts for a specific purpose and is the highest level of decision making.
5. Unassigned fund balance – all amounts not included in other spendable classifications.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available. The District also considers committed fund balances to be spent first when other unrestricted fund balance classifications are available for use.

## Florida Parishes Juvenile Justice District

### Notes to the Financial Statements As of and for the Year Ended June 30, 2011

#### Adoption of New Accounting Principle

For the year ended June 30, 2011, the District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which changed the reporting of fund balance in the balance sheets of the governmental type funds.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

#### 2. Cash and Cash Equivalents

At June 30, 2011, the carrying amount of the Florida Parishes Juvenile Justice District's Cash and Cash Equivalents totaled \$8,985,299. Cash and Cash Equivalents are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The following is a summary of cash and cash equivalents at June 30, 2011:

	Deposits in Bank Accounts		
	Cash	Money Market	Total
Deposits in Bank Accounts Per Balance Sheet	\$ 5,352,614	\$ 3,632,685	\$ 8,985,299
Bank Balances (Category 3 Only):	\$ -	\$ -	\$ -
a) Uninsured and Collateralized	804,650	-	804,650
b) Uninsured and Collateralized with Securities Held by the Pledging Institution	-	-	-
c) Uninsured and Uncollateralized	4,766,763	-	4,766,763
Total Category 3 Bank Balances	\$ 5,571,413	\$ -	\$ 5,571,413
Total Bank Balances (Regardless of Category)	\$ 5,571,413	\$ 3,632,685	\$ 9,204,098

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

#### **Custodial Credit Risk - Deposits**

In case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2011, \$5,071,413 of the District's bank balance of \$9,204,098 was exposed to custodial credit risk because it was uninsured or collateralized with securities held by the pledging institution's trust department or agent, but not in the entities name.

#### **3. Investments**

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash. Investments are stated at cost.

Investments held at June 30, 2011 consist of \$2,772,901 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. LAMP is administered by the Louisiana Asset management Pool, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP is to provide a safe environment of the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for a 2a7 like investment pools:

- **Credit Risk**: LAMP is rated AAAM by Stanford & Poor's.
- **Custodial Credit Risk**: LAMP participants' investment in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool therefore, no disclosure is required.
- **Concentration of credit risk**: Pooled investments are excluded from the 5 percent disclosure requirement.
- **Interest rate risk**: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- **Foreign currency risk**: Not applicable to 2a-like pools.



## Florida Parishes Juvenile Justice District

### Notes to the Financial Statements As of and for the Year Ended June 30, 2011

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

#### 4. Receivables

The following is a summary of receivables at June 30, 2011:

##### Intergovernmental:

Louisiana Department of Education	\$	24,918
Department of Corrections		66,851
Court Cost, Various Courts		32,721
Tangipahoa Parish Sheriff's Office, Property Tax		20,000
Total		<u>144,490</u>

Less: Allowances for Uncollectible		-
	\$	<u><u>144,490</u></u>

#### 5. Ad Valorem Taxes

The following is a summary of authorized and levied ad valorem taxes:

	2010	
	Authorized Millage	Levied Millage
Special Revenue Fund	<u>3.0</u>	<u>3.0</u>

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the District during the year actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when received. The Tangipahoa Parish, Livingston Parish, St. Helena Parish, Washington Parish and St. Tammany Parish Sheriff's Office bills and collects the property tax using the assessed value determined by the Tax Assessors of Tangipahoa Parish, Livingston Parish, St. Helena Parish, Washington Parish and St. Tammany Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2010, the District levied 3.00 mills for a tax levy of \$8,024,135 on taxable property valuation totaling \$2,674,711,828.

The District's three (3) mills special tax on all property subject to taxation within the corporate boundaries of the District was renewed for a ten year period, beginning in 2006, pursuant to an election held on November 2, 2004.

**Florida Parishes Juvenile Justice District**

**Notes to the Financial Statements  
As of and for the Year Ended June 30, 2011**

**6. Capital Assets**

Capital assets and depreciation activity as of and for the year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets not being Depreciated:				
Land	\$ 274,079	\$ 30,500	\$ -	\$ 304,579
Construction in Progress	851,064	3,467,191	-	4,318,255
Total Capital Assets not being Depreciated	<u>1,125,143</u>	<u>3,497,691</u>	<u>-</u>	<u>4,622,834</u>
Capital Assets being Depreciated:				
Buildings and Improvements	8,668,849	102,377	-	8,771,226
Vehicles	138,824	-	-	138,824
Equipment	796,999	124,716	-	921,715
Total Capital Assets being Depreciated	<u>9,604,672</u>	<u>227,093</u>	<u>-</u>	<u>9,831,765</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,659,079	270,455	-	2,929,534
Vehicles	72,846	22,598	-	95,444
Equipment	618,631	40,067	-	658,698
Total Accumulated Depreciation	<u>3,350,556</u>	<u>333,120</u>	<u>-</u>	<u>3,683,676</u>
Total Capital Assets Being Depreciated, Net	<u>6,254,116</u>	<u>(106,027)</u>	<u>-</u>	<u>6,148,089</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,379,259</u>	<u>\$ 3,391,664</u>	<u>\$ -</u>	<u>\$10,770,923</u>

Depreciation expense of \$333,120 was charged to the public safety function in the Statement of Activities.

Construction in progress consists of architect fees and construction costs of a 28 bed facility, renovation of the current sewer treatment plant and renovation of the current kitchen facility.

**7. Long Term Obligations**

The following is a summary of long-term obligation transactions for the year ended June 30, 2011:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Certificates of Indebtedness, Series 2009	<u>\$ 3,920,000</u>	<u>\$ -</u>	<u>\$ 600,000</u>	<u>\$ 3,320,000</u>

**Florida Parishes Juvenile Justice District**

**Notes to the Financial Statements  
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Bonds Payable as of June 30, 2011 is as follows:

	<u>Certificate of Indebtedness</u>	<u>Due Within One Year</u>
Certificates of Indebtedness, Series 2009, \$4,500,000 due in semi-annual installments of principal and interest through March 1, 2016, interest at 3.07%	<u>\$ 3,320,000</u>	<u>\$ 620,000</u>

The annual requirements to amortize all debt outstanding as of June 30, 2011, including interest payments of \$312,680 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 620,000	\$ 101,924	\$ 721,924
2013	640,000	82,890	722,890
2014	665,000	63,242	728,242
2015	685,000	42,827	727,827
2016	710,000	21,797	731,797
Total	<u>\$ 3,320,000</u>	<u>\$ 312,680</u>	<u>\$ 3,632,680</u>

The District was in compliance with the certificate covenants in all material respects as of June 30, 2011.

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

#### **8. Employees Pension Plan**

##### **Louisiana State Employees Retirement System (LASERS)**

All employees of the Florida Parishes Juvenile Justice District participate in the Louisiana State Employees' Retirement System.

The Louisiana State Employees' Retirement System ("LASERS" or the "System") is an agency of the State of Louisiana established under the provisions of Title 11, Section 401, of the Louisiana Revised Statutes of 1950, as amended (the "Statutes"). LASERS is a single-employer public employee retirement system which is organized for the purpose of providing retirement and other benefits for employees of the State and its various departments and agencies and their beneficiaries. LASERS is supervised by an eleven-member Board of Trustees and is funded through employee and employer contributions and investment earnings.

The following information describing LASERS is necessarily general in nature and is not intended to be a full and complete description of the numerous and varied statutory provisions applicable to LASERS and its members. Reference should be made to the applicable Statutes for specific detailed information.

##### **Eligibility Requirements**

All state employees except certain classes of employees specifically excluded by Statutes become members of the System as a condition of employment unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Elected officials and officials appointed by the governor may, at their option, become members of LASERS.

##### **Retirement Benefits**

The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and may vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age, upon completing thirty years of creditable service, to age sixty, upon completing ten years of creditable service.

The basic annual retirement benefit for substantially all members is equal to 2 ½% of average compensation multiplied by the number of years of creditable service plus \$300. Participants who become members of LASERS on or after July 1, 1986, are not eligible for the \$300 addition to the annual retirement benefit formula. Average compensation is defined as the member's average annual earned compensation for the period of thirty-six consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or certain specified dollar amounts of actuarially determined monetary limits which vary depending upon the member's age at retirement. Judges and court officers and certain elected officials received an additional annual retirement benefit equal to 1% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

#### **Contributions**

Covered employees are required by state statute to contribute 7.50% while employees hired subsequent to June 30, 2006 must contribute 8.00% of their salary to the plan. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The contribution requirement for the year ended June 30, 2011, was \$767,172 which consisted of \$566,194 from the District and \$200,978 from employees. Each employer was required by statute to contribute 22% of each employee's earned compensation to finance participation of its employees in LASERS. The following provides certain disclosures for the District and the retirement system.

The District's total payroll in the fiscal year ended June 30, 2011 was \$2,804,873 and the District's contributions were based on a payroll of \$2,573,569. Both the District and the covered employees made the required contributions, amounting to \$767,172.

#### **Trend Information**

Contributions required by state statute:

<u>Fiscal Year</u> <u>June 30,</u>	<u>Required</u> <u>Contributions</u>	<u>Percentage</u> <u>Contributed</u>
2009	\$ 767,061	100%
2010	\$ 731,043	100%
2011	\$ 767,172	100%

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 922-0600.

## **Florida Parishes Juvenile Justice District**

### **Notes to the Financial Statements As of and for the Year Ended June 30, 2011**

#### **9. Compensated Absences**

Employees of the District are granted annual leave and sick leave based on the equivalent of years of service for the District and the leave is credited at the end of each regular pay period in accordance with the following schedule:

<u>Years of Service</u>	<u>Accrued Annual and/ or Sick Leave Per Month</u>
0 - 2 Years	8 Hours
3 - 5 Years	10 Hours
6 Years	10.5 Hours
7 Years	11 Hours
8 Years	11.5 Hours
9 Years	12.0 Hours
Over 10 Years	13.33 Hours

The District's present written policy is "use or, lose". Each employee's annual leave will begin and regenerate on the employee's individual hire date and subsequent hire date anniversary. Annual leave is not paid upon an employee's separation of service. Sick leave up to 240 hours may be accumulated, but is not paid upon separation from service. As of June 30, 2011, an accrued leave liability of \$57,527 is recorded in both the government-wide and in the fund financial statements.

#### **10. Compensation Paid Board Members**

Louisiana Revised Statute 15:1094.1 (B) provides "The members of the board of commissioners shall serve without salary or per diem but the board may authorize a reasonable travel allowance for its members in the performance of their official duties."

#### **11. Dedication of Proceeds and Flow of Funds - Ad Valorem Tax**

Proceeds of the 10-year special tax of 3 mills on the dollar of assessed valuation on all property subject to taxation in the District (2010 collections - \$7,768,409) are dedicated for the purpose of improving, maintaining and operating the Florida Parishes Juvenile Detention Center, including enlarging said Center and acquiring, maintaining and operating all necessary equipment and furnishings for said Center, said tax subject to homestead exemption as provided by law. Proceeds are irrevocable pledged and dedicated to the payment of the Certificates of Indebtedness, Series 2009 in principal and interest as they respectively mature.

#### **12. Restricted Fund Balance**

The District recorded a restricted fund balance in the capital projects and special revenue funds to indicate the fund equities are segregated for future capital improvements and working capital.

**Florida Parishes Juvenile Justice District**  
**Notes to the Financial Statements**  
**As of and for the Year Ended June 30, 2011**

**13. Litigation and Claims**

Various lawsuits are pending against the District. In the opinion of the District's management, the potential loss on lawsuits will not be material to the District's basic financial statements.

**14. Post Employment Benefits**

**Plan Description.** The Florida Parishes Juvenile District participates in a fully insured health insurance and life insurance program administered by the Louisiana Office of Group Benefits (OGB).

Medical benefits are provided through the Louisiana Office of Group Benefits (OGB) and involve several statewide networks and one HMO with a premium structure by region. The plan provisions are contained in the official plan documents of the OGB, available at [www.groupbenefits.org](http://www.groupbenefits.org) – “Quick Links” – “Health Plans”. The OGB plan is a fully insured, multiple-employer arrangement and has been deemed to be an agent multiple-employer plan (within the meaning of paragraph 22 of GASB 45) for financial reporting purposes and for this valuation. Medical benefits are provided to employees upon actual retirement. Employees are covered by the Louisiana State Employees Retirement System (LASERS), whose retirement eligibility (D.R.O.P. entry) provisions as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service.

**Contribution Rates.** Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Until Fiscal Year Ending June 30, 2008, the Florida Parishes Juvenile Justice District recognized the cost of providing post-employment medical benefits (the Florida Parishes Juvenile Justice District's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. Effective with the Fiscal Year beginning July 1, 2008, the Florida Parishes Juvenile Justice District implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The funding policy is not to fund the ARC except to the extent of the current year's retiree funding costs.

In Fiscal Year Ending June 30, 2011, the Florida Parishes Juvenile Justice District's portion of health care funding cost for retired employees totaled \$3,071. These amounts were applied toward the Net OPEB Benefit Obligation as shown in the table on the following page.

# Florida Parishes Juvenile Justice District

## Notes to the Financial Statements As of and for the Year Ended June 30, 2011

**Annual Required Contribution.** The Florida Parishes Juvenile Justice District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year beginning July 1, 2010 is \$114,300, as set forth below:

	Medical
Normal Cost	\$ 61,529
30-year UAL amortization amount	52,771
Annual required contribution (ARC)	<u>\$ 114,300</u>

**Net Post-employment Benefit Obligation (Asset).** The table below shows the Florida Parishes Juvenile Justice District's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30, 2011:

	Medical
1. Beginning Net OPEB Obligation (Asset) 7/1/2010	\$138,193
2. Annual required contribution	114,300
3. Interest on Net OPEB Obligation (Asset): .04 X [1]	5,528
4. ARC Adjustment: [1]/17.292	7,992
5. OPEB Cost: [2]+[3]-[4]	111,836
6. Contribution	-
7. Current year retiree premium	3,071
8. Change in Net OPEB Obligation: [5]-[6]-[7]	108,765
9. Ending Net OPEB Obligation: (Asset) 6/30/2011: [1]+[8]	\$246,958

The following table shows the Florida Parishes Juvenile Justice District's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	June 30, 2011	\$111,836	225.40%	\$246,958



## Florida Parishes Juvenile Justice District

### Notes to the Financial Statements As of and for the Year Ended June 30, 2011

**Funded Status and Funding Progress.** In the fiscal year ending June 30, 2011, the Florida Parishes Juvenile Justice District made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of July 1, 2010, the most recent valuation, the Actuarial Accrued Liability (AAL) was \$912,491, which is defined as that portion, as determined by a particular actuarial cost method (the Florida Parishes Juvenile Justice District uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010/2011, the entire actuarial liability of \$912,491 was unfunded.

	Medical
Actuarial Accrued Liability (AAL)	\$ 912,491
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	912,491
Funded Ratio (Act. Val. Assets/AAL)	<hr/> 0%
Covered Payroll (active plan members)	\$2,768,507
UAAL as a percentage of covered payroll	33.96%

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Florida Parishes Juvenile Justice District and its employee plan members) at the time the valuation and on the pattern of sharing costs between the Florida Parishes Juvenile Justice District and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Florida Parishes Juvenile Justice District and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

## Florida Parishes Juvenile Justice District

### Notes to the Financial Statements As of and for the Year Ended June 30, 2011

**Actuarial Value of Plan Assets.** Since the OPEB obligation has not as yet been funded, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board Actuarial Standards of Practice Number 6 (ASOP), as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate.** An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 40%. The rates for each age are below:

Years of Service	Percent Turnover
0 - 4	45%
4 - 5	40%
5 - 6	35%
6 - 7	30%
7 - 8	25%
8 - 9	20%
9 - 10	15%
10 - 11	10%
11 - Over	7%

**Post employment Benefit Plan Eligibility Requirements.** It is assumed that entitlement to benefits will commence five years after earliest eligibility to enter the D.R.O.P. This consists of a three year D.R.O.P. period plus an additional two year delay. Medical benefits are provided to employees upon actual retirement. Employees are covered by the Louisiana State Employees' Retirement System (LASERS), whose retirement eligibility (D.R.O.P. entry) provision as follows: 30 years of service at any age; age 55 and 25 years of service; or, age 60 and 10 years of service.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Since the ARC is not currently being funded and not expected to be funded in the near future, we have performed this valuation using a 4% investment return assumption.

**Health Care Trends Rate.** The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare and Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used.

## Florida Parishes Juvenile Justice District

### Notes to the Financial Statements As of and for the Year Ended June 30, 2011

This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The OGB medical rates provided are "unblended" rates for active and retired as required by GASB 45 for valuation purposes.

#### 16. Interfund Transfers

	Transfer In	Transfer Out
General Fund	\$ 5,752,500	\$ -
Capital Projects Fund	120,000	-
Special Revenue Fund	-	5,872,500
	<u>\$ 5,872,500</u>	<u>\$ 5,872,500</u>

The transfer to the General Fund from the Special Revenue Fund is to cover general operating expenditures. The transfer to the Capital Projects Fund from the Special Revenue Fund is to cover capital improvement expenditures.

#### 17. Operating Lease

The District is leasing one Konica Minolta C-353 color copier and two Konica Minolta Bizhub 361 copiers for \$724 per month. This lease is for thirty-six months commencing on September 23, 2008. If sufficient funds are not appropriated and budgeted by the governing body in any fiscal year for lease payments or other payments and the District has exhausted all funds legally available for such payments, due under the lease, the District will give a written notice and the lease will terminate as of the last day of the fiscal period for which funds for lease payments are available. The lease expense was \$8,688 at June 30, 2011.

#### 18. Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 28, 2011 and determined the following event occurred that requires disclosure.

A certificate of substantial completion was issued on October 4, 2011 by the architect regarding the construction of a 28 bed facility, renovation of the current sewer treatment plant and renovation of the current kitchen facility. A list of items to be completed or corrected was attached to the certificate of completion. The Contractor has forty-five days from the date of substantial completion to complete the work.

## Required Supplemental Information (Part II)

**Florida Parishes Juvenile Justice District**

**Schedule 1**

**Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual**

**General Fund**

**For the Year Ended June 30, 2011**

	<b>Budgeted Amounts</b>		<b>Actual Amounts: GAAP Basis</b>	<b>Variance with Final Budget: Favorable (Unfavorable)</b>
<b>Revenues</b>	<b>Original</b>	<b>Final</b>		
Court Costs	\$ 425,000	\$ 370,000	\$ 385,729	\$ 15,729
Fees for Services	390,000	390,000	351,769	(38,231)
Intergovernmental	7,500	7,500	-	(7,500)
Medical Reimbursements	12,000	12,000	5,160	(6,840)
Interest and Other	15,900	15,950	27,332	11,382
Total Revenues	<u>850,400</u>	<u>795,450</u>	<u>769,990</u>	<u>(25,460)</u>
<b>Expenditures</b>				
Salaries and Related Benefits:				
Salaries	2,959,000	2,959,000	2,825,953	133,047
Retirement	539,000	539,000	569,539	(30,539)
Health Insurance	656,000	656,000	546,806	109,194
Payroll Taxes	46,800	46,800	42,454	4,346
Unemployment	13,000	13,000	24,979	(11,979)
Other Benefits	81,500	81,500	68,145	13,355
Total Salaries and Related Benefits	<u>4,295,300</u>	<u>4,295,300</u>	<u>4,077,876</u>	<u>217,424</u>
Travel and Training:				
Travel and Training	85,300	85,300	69,013	16,287
Total Travel and Training	<u>85,300</u>	<u>85,300</u>	<u>69,013</u>	<u>16,287</u>
Operating Services:				
Advertising	12,000	12,000	1,455	10,545
Bank Charges	300	300	513	(213)
Cable Television	1,000	1,000	1,138	(138)
Copier	14,800	14,800	13,948	852
Dues and Subscriptions	7,500	7,500	5,658	1,842
Garbage	8,800	8,800	9,086	(286)
Insurance	155,000	155,000	140,291	14,709
Maintenance	125,200	125,200	107,144	18,056
Pest Control	3,800	3,800	3,500	300
Postage	4,300	4,300	2,512	1,788
Printing	2,300	2,300	553	1,747
Equipment Rental	48,000	48,000	2,053	45,947
Security Drug Testing and Physicals	5,700	5,700	3,274	2,426
Telephone	57,600	57,600	56,239	1,361
Utilities	143,000	143,000	113,471	29,529
Total Operating Services	<u>589,300</u>	<u>589,300</u>	<u>460,835</u>	<u>128,465</u>

(Continued)

See auditor's report.

**Florida Parishes Juvenile Justice District**

**Schedule 1**

**Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual**

**General Fund**

**For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Operating Supplies:</b>				
Auto and Maintenance	\$ 55,000	\$ 55,000	\$ 65,927	\$ (10,927)
Communication	3,500	3,500	4,492	(992)
Computer	22,400	22,400	5,658	16,742
Educational	4,800	4,800	153	4,647
Food	285,000	285,000	227,778	57,222
Juvenile Personal	30,500	30,500	28,677	1,823
Kitchen	12,000	12,000	10,859	1,141
Medical	59,500	59,500	33,953	25,547
Office	18,000	18,000	28,624	(10,624)
Other	19,500	19,500	9,451	10,049
Recreation	13,000	13,000	11,099	1,901
Security	12,600	12,600	10,860	1,740
Social Services	2,000	2,000	2,253	(253)
Software	15,200	15,200	7,810	7,390
Uniforms	14,500	14,500	10,905	3,595
Water and Coffee	14,000	14,000	6,894	7,106
Total Operating Supplies	<u>581,500</u>	<u>581,500</u>	<u>465,393</u>	<u>116,107</u>
<b>Professional Services:</b>				
Accounting and Auditing	30,000	30,000	30,225	(225)
Contract Labor	115,000	117,000	92,416	24,584
Legal	175,000	268,200	99,557	168,643
Fraud	-	-	173,750	(173,750)
Medical	81,000	81,000	95,447	(14,447)
Total Professional Services	<u>401,000</u>	<u>496,200</u>	<u>491,395</u>	<u>4,805</u>
<b>Capital Outlay:</b>				
Equipment	112,700	112,700	60,506	52,194
Building	306,000	306,000	197,087	108,913
Total Capital Outlay	<u>418,700</u>	<u>418,700</u>	<u>257,593</u>	<u>161,107</u>
Total Expenditures	<u>6,371,100</u>	<u>6,466,300</u>	<u>5,822,105</u>	<u>644,195</u>
<b>Excess Revenues (Expenditures)</b>	<u>(5,520,700)</u>	<u>(5,670,850)</u>	<u>(5,052,115)</u>	<u>618,735</u>
<b>Other Financing Sources (Uses):</b>				
Sale of Fixed Assets	-	-	541	541
Transfer In	5,752,500	5,752,500	5,752,500	-
Total Other Financing Sources (Uses)	<u>5,752,500</u>	<u>5,752,500</u>	<u>5,753,041</u>	<u>541</u>
<b>Net Change in Fund Balance</b>	231,800	81,650	700,926	619,276
<b>Fund Balance, Beginning</b>	2,483,661	2,675,624	2,675,624	-
<b>Fund Balance, Ending</b>	<u>\$ 2,715,461</u>	<u>\$ 2,757,274</u>	<u>\$ 3,376,550</u>	<u>\$ 619,276</u>

(Concluded)

See auditor's report.

**Florida Parishes Juvenile Justice District**

**Schedule 2**

**Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual  
Special Revenue Fund  
For the Year Ended June 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts: GAAP Basis</u>	<u>Variance with Final Budget: Favorable (Unfavorable)</u>
<b>Revenues:</b>	<u>Original</u>	<u>Final</u>		
Ad Valorem Taxes	\$ 7,350,000	\$ 7,538,000	\$ 7,768,409	\$ 230,409
Intergovernmental	240,000	285,000	284,584	(416)
Interest and Other	1,000	1,200	1,463	263
Total Revenues	<u>7,591,000</u>	<u>7,824,200</u>	<u>8,054,456</u>	<u>230,256</u>
<b>Expenditures:</b>				
Debt Service - Principal	600,000	600,000	600,000	-
Debt Service - Interest	120,344	120,344	120,344	-
Other Expenditures	-	10,500	13,757	(3,257)
Sheriff's Pension Fund	150,000	150,000	274,737	(124,737)
Total Expenditures	<u>870,344</u>	<u>880,844</u>	<u>1,008,838</u>	<u>(127,994)</u>
<b>Excess Revenues (Expenditures)</b>	<u>6,720,656</u>	<u>6,943,356</u>	<u>7,045,618</u>	<u>102,262</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(5,752,500)	(5,872,500)	(5,872,500)	-
Total Other Financing Sources (Uses)	<u>(5,752,500)</u>	<u>(5,872,500)</u>	<u>(5,872,500)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	968,156	1,070,856	1,173,118	102,262
<b>Fund Balance, Beginning of Year</b>	6,356,291	6,444,319	6,444,319	-
<b>Fund Balance, End of Year</b>	<u>\$ 7,324,447</u>	<u>\$ 7,515,175</u>	<u>\$ 7,617,437</u>	<u>\$ 102,262</u>

See auditor's report.

## Other Supplemental Information



**Florida Parishes Juvenile Justice District****Schedule 3****Schedule of Compensation Paid Board Members  
Year Ended June 30, 2011**

This schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Louisiana Revised Statute 15:1094,1 (B) provides that "board members shall serve without salary or per diem but the board may authorize a reasonable travel allowance for its members in the performance of their official duties.

<u>Board Member</u>	<u>Title</u>	<u>Term</u>	<u>Compensation</u>	<u>Travel Allowance</u>
Peggy G. Hoover	President	03/01/08 - 02/28/12	\$ -	\$ 536
Paul Johnson	Treasurer	03/01/11 - 02/28/15	-	830
Richard Wood	Commissioner	03/01/11 - 02/28/15	-	-
David Merlin Duke	Commissioner	03/01/11 - 02/28/15	-	-
Ronald D. Bell, Jr.	Commissioner	03/01/11 - 02/28/15	-	853
K. Lynn Easley	Commissioner	03/01/08 - 02/28/12	-	484
Judge Salvadore Mule'	Commissioner	03/01/08 - 02/28/12	-	255
Michael Forbes	Commissioner	09/01/09 - 02/28/12	-	-

See auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Florida Parishes Juvenile Justice District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florida Parishes Juvenile Justice District, as of and for the year ended June 30, 2011, which collectively comprise the Florida Parishes Juvenile Justice District's basic financial statements and have issued our report thereon dated December 5, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Florida Parishes Juvenile Justice District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Florida Parishes Juvenile Justice District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Florida Parishes Juvenile Justice District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal controls over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employee, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. [2011-01 and 2011-05]

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies. [2011-02, 2011-03 and 2011-04]

## Compliance and other matters

As part of obtaining reasonable assurance about whether the Florida Parishes Juvenile Justice District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have had a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2011-06 and 2011-07.

The Florida Parishes Juvenile Justice District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Florida Parishes Juvenile District's response and, accordingly, we express no opinion on it.

This report is intended for the information of the Board of Commissioners, management of the Florida Parishes Juvenile Justice District, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwait & Nettville*

December 5, 2011

# **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

### **A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Florida Parishes Juvenile Justice District.
2. Five significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Two conditions [2011-01 and 2011-05] are considered a material weakness.
3. Two instances of noncompliance material to the financial statements of Florida Parishes Juvenile Justice District were disclosed during the audit.

### **B. FINDINGS**

#### **Internal Controls**

##### **2011-01 Alleged Fraud**

Criteria: Internal controls should be designed and implemented to ensure that adequate segregation of duties exists between initiating, recording, processing, approving, and reconciling of transactions in the general ledger.

Condition: The District contracted with an individual to perform accounting functions for the Court Cost, Capital Projects, and Tax Revenue funds. This individual had the authority to set up new vendors, initiate checks, process checks, record all transactions in the general ledger and reconcile the bank statement.

Cause: There were no procedures in place to provide an adequate review or approval of the processed transactions, the general ledger, or the bank reconciliations. Additionally, the Board of Commissioners was not provided with financial statements or a listing of transactions that occurred for their review.

Effect: The individual processed 402 checks from the Court Cost Fund to B & B Court Reporting Services for the period of July 2001 through March 2011 totaling \$1,904,122. During this period there were 82 checks written for \$4,975, 15 checks for \$2,850 and 14 checks for \$2,150. B & B Court Reporting Services is not listed by Louisiana Secretary of State's data base as a company doing business in Louisiana. It does not appear these transactions had any valid business purpose.

Recommendation: The District should design and implement internal controls to ensure there is a proper segregation of duties between the initiating, processing, approving, and recording of transactions into the general ledger. Additionally, the Commission should be provided with a listing of monthly transactions, bank reconciliations, and financial statements.

## **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

#### **2011-01 Alleged Fraud (continued)**

Views of responsible official and planned corrective actions:

The Florida Parishes Juvenile Justice District acknowledges that the alleged fraud identified above appears to have occurred between 2001 and early 2011. Representatives of the Florida Parishes Juvenile Justice District have, and will continue to cooperate with law enforcement officials as the criminal trial moves towards trial.

In an effort to recover losses resulting from the alleged fraud, the Florida Parishes Juvenile Justice District has engaged special legal counsel to advise and assist the Florida Parishes Juvenile Detention District with respect to its legal rights to seek recovery of losses as a result of failures on the part of outside parties independent of the district.

Additionally, in July 2011, the Florida Parishes Juvenile Justice District engaged an outside consultant to assist the district in the development and implementation of changes to the district's system of internal controls, with the overall objective being to improve the current system of internal controls as well as to enhance the system of reporting to the Board of Commissioners.

#### **2011-02 Internal Control Deficiencies Over Payroll**

Criteria: Internal controls should be designed and implemented to ensure adequate segregation of duties exists between initiating, recording, processing, approving, and reconciling of payroll transactions.

Condition: The CPA firm contracted to perform payroll functions has the ability to set up new employees in the system, edit the payroll master file, prepare checks, authorize the electronic direct deposit transfer, and reconciles the bank statement. Additionally, for the employees who choose to receive a manual check, the individual who provides the information to set up the new employee can approve the payment and is authorized to sign the check. The District believes it has a compensating control that someone reviews the bank statement; however, seven out of the twelve statements observed had not been initialed as reviewed.

Cause: Inadequate segregation of duties exist over payroll functions.

Effect: Because of the lack of segregation of duties, payments could potentially be made to non-existent employees or unauthorized payroll transactions may be processed without the proper approval or acknowledgment of management.

## **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

#### **2011-02 Internal Control Deficiencies Over Payroll (continued)**

Recommendation: Procedures should be implemented requiring the proper segregation of duties over payroll functions which delineate the authority given to employees that can edit the files from those who are authorized to process payroll and submit the direct deposit transfer. Additionally, management should review monthly payroll reports and any changes made to the master file to ensure it is accurate and complete.

Views of responsible officials and planned corrective actions:

For a number of years, the Florida Parishes Juvenile Justice District has outsourced the payroll processing function to an outside CPA Firm. The Florida Parishes Juvenile Justice District now understand that in doing so, an environment was created where certain weaknesses were created within its system of internal controls.

To correct the weaknesses outlined above, the Florida Parishes Juvenile Justice Commission has authorized the Executive Director of the Juvenile Detention Center to create the positions of Payroll and Accounts Payable Clerk. Additionally, the Florida Parishes Juvenile Justice Commission has accepted recommendations made by its consultant to allocate both payroll and accounts payable duties to those individuals which will allow for an adequate segregation of duties over both areas.

#### **2011-03 Internal Control Deficiencies Over Disbursement Process**

Criteria: Internal controls should be in place that provides reasonable assurance that new vendors are reviewed and approved and set up by someone independent of accounts payable functions.

Condition: The District has contracted with a CPA firm to perform all accounting functions. The firm has the ability to process disbursements, code and record transactions to the general ledger, edit the vendor master file, and reconcile the bank statement.

Cause: Internal controls are not adequately designed to provide a proper segregation of duties for processing disbursements.

Effect: Because of the lack of segregation of duties, unauthorized disbursements could occur without the proper approval or acknowledgement of management.

Recommendation: Procedures should be implemented to only authorize an individual independent of accounts payable functions the access to set up new vendor accounts in order to prevent any unauthorized disbursements from occurring.

## **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

#### **2011-03 Internal Control Deficiencies Over Disbursement Process (continued)**

Views of responsible officials and planned corrective actions:

For a number of years, the Florida Parishes Juvenile Justice District has outsourced the accounts payable processing function to an outside CPA Firm. The Florida Parishes Juvenile Justice District now understand that in doing so, an environment was created where certain weaknesses were created within its system of internal controls.

To correct the weaknesses outlined above, the Florida Parishes Juvenile Justice Commission has authorized the Executive Director of the Juvenile Detention Center to create the positions of Payroll and Accounts Payable Clerk. Additionally, the Florida Parishes Juvenile Justice Commission has accepted recommendations made by its consultant to allocate both payroll and accounts payable duties to those individuals which will allow for an adequate segregation of duties over both areas.

As part of the re-allocation of duties, procedures will be put in place that separate the role of individuals authorized to process accounts payable from those authorized to approve and set up new vendor accounts.

#### **2011-04 Internal Control Deficiencies Over Purchasing**

Criteria: Internal controls should be in place that provides reasonable assurance that purchases contain the proper approval and documentation.

Condition: Individuals with the ability to initiate and approve purchases can also approve the payments of the purchases and sign the checks. The District's documentation of approval for purchases and disbursements includes a purchase requisition signed by the department manager, if the purchase is greater than \$1,000 the purchase requisition should have two signatures, the check stubs with the supporting documentation should be initialed by one of the four authorized check signers noting approval of payment, and all checks should be signed by two individuals. Our tests of disbursements noted the following:

- Six check stubs were not initialed as reviewed by one of the four authorized check signers
- One check did not have a purchase requisition
- Two purchase requisitions were initiated and approved by the same person
- One check with an item greater than \$1,000 was not signed by two individuals
- Two checks did not contain supporting documentation
- One check contained only one signature

Cause: Procedures in place for purchasing and approving disbursements were not adequately designed and followed.

## **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

#### **2011-04 Internal Control Deficiencies Over Purchasing (continued)**

Effect: Because of the lack of segregation of duties, unauthorized disbursements could occur without the proper approval or acknowledgement of management.

Recommendation: The District should review the current purchasing and disbursement procedures and emphasize the importance of following those procedures to prevent any authorized disbursements from occurring. Additionally, individuals with the ability to initiate purchases, approve purchase requisitions, and approve payments for purchases should not be able to sign checks.

Views of responsible officials and planned corrective actions:

The Florida Parishes Juvenile Justice District, through action by its board of Commissioners has taken action to implement policies and procedures which will adequately segregate the duties of various individuals so that there is a clear separating between the person(s) requesting, approving and authorizing payment for goods and services purchased by the agency. The manager who had authority to both approve request for goods and services, as well as being able to sign checks for payment of those goods and services will be removed as an authorized signature on the checking accounts of the Commission.

#### **2011-05 Internal Control Deficiencies Over Credit Card Activity**

Criteria: Adequate controls should be in place that separates the functions of initiating purchases independent from the person reviewing transaction activity, approving payment, and signing the check.

Condition: An individual with the authority to initiate credit card purchases is also authorized to review the credit card statement, approve payment, sign the check, and review the bank statement.

Cause: The segregation of duties is inadequate to provide effective internal control.

Effect: Purchases could be made for invalid business purposes.

Recommendation: A policy should be implemented to separate the review function independent from the individual that has authority to initiate transactions, prepare and sign purchase requisitions, sign checks, and review the bank statement.



## **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

#### **2011-05 Internal Control Deficiencies Over Credit Card Activity (continued)**

Views of responsible officials and planned corrective actions:

The Florida Parishes Juvenile Justice District acknowledges that one of its employee's, who had authority to utilize an agency credit card, also had the responsibility to both review his own credit card as well as sign the checks that represented payment by the agency to the issuer of the Credit Card. The Commission previously had not been advised that this was a violation of prudent accounting practices. Upon notification by representatives of our independent auditors, the Commission began the implementation of internal controls that will separate the review and payment function so that those utilizing agency credit cards for payment of goods and services are not the same individuals who review, approve and sign for payment on those credit cards.

#### **NON COMPLIANCE**

#### **2011-06 Cash Management**

Criteria: LSA-RS39:1211 requires that a local depository authority should have adequate pledged collateral to cover all deposits of public funds in order to be federally insured under the FDIC limits.

Condition: The District did not have adequate pledged collateral in the amount of \$4,766,763 to cover the government's deposits of public funds at a financial institution.

Cause: The District did not have any individual monitoring the pledged collateral reports with the financial institution on a monthly basis.

Effect: Because of the failure to monitor pledged collateral with the financial institution, there is not adequate collateral to cover all of the District's deposits.

Recommendation: The District should verify timely with the financial institution that the proper amount of pledged collateral is pledged against deposited funds.

Views of responsible officials and planned corrective actions:

The Florida Parishes Juvenile Justice District acknowledges that for several months, the cash held in banks was not collateralized as provided by in its fiscal agency agreement. During the fiscal year ending June 30, 2011, the agency changed the type of account in which funds were being held at its fiscal agent. As a result of that change, the bank did not identify that new account as one which required that the financial institution pledge acceptable securities to secure the funds of the agency on deposit in excess of the insurance provided by the Federal Deposit Insurance Corporation (FDIC).

## **FLORIDA PARISHES JUVENILE JUSTICE DISTRICT**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED JUNE 30, 2011**

#### **2011-06 Cash Management (continued)**

The Florida Parishes Juvenile Justice District will implement procedures which will require that a member of management review the pledged securities report from the districts fiscal agency on a monthly basis to ensure that adequate collateral is pledged against the deposits of the agency. If the fiscal agent is found to be in non compliance with state statutes, the district will immediately notify the fiscal agent of this fact and request that additional securities be pledged against the deposits and that the district be notified of the additional securities pledged and the date pledged.

#### **2011-07 Revenue and Expenditure Restriction Laws**

Criteria: LSA-RS14:138 states that advanced wages or salaries to employees or paid bonuses are prohibited.

Condition: The District has made a onetime tenure award payment to employees based on the number of years of service totaling \$46,713.41.

Cause: The District does not have a policy that clearly defines providing employees additional compensation based on tenure.

Effect: This may be a violation of Article VII, Section 14 of the 1974 Louisiana Constitution, RS14:138.

Recommendation: One time payments to employees for tenure awards should be discontinued. If the District wants to compensate employees based on tenure, a policy should be implemented that provides an additional pay increase based on tenure in the employees normal salary.

Views of responsible officials and planned corrective actions:

The Florida Parishes Juvenile Justice District has operated under the assumption that payments to employees as outlined above were acceptable. Since being made aware of that such payments may be a violation of Louisiana Revised Statutes, the Commission has voted to discontinue those payments.

Payments as described above will no longer be provided to the employee's of the Florida Parishes Juvenile Justice District.

**Florida Parishes Juvenile Justice District  
Schedule of Prior Year Audit Findings  
For the Year Ending June 30, 2011**

**Section I Internal Control and Compliance Material to the Financial Statements**

**Compliance**

**2010-1 Document Retention**

During the year ending June 30, 2010, the District purchased a new dishwasher for \$11,686. According to Louisiana Revised Statute 38:2212.1, the District is required to obtain at least three quotes for material and supply purchases of \$10,000 or more up to \$30,000. Management has asserted to us that the proper quotes were obtained prior to the purchase of the dishwasher in accordance with State law. However, management was unable to provide the supporting documentation for the quotes received because they were misplaced during a recent renovation at the facility. According to La R.S. 44:36, all persons and public bodies having custody or control of any public records shall exercise diligence and care in preserving and maintaining the public record for a period of at least 3 years. At our request, management was successful in obtaining the quotes from three vendors that had originally provided a quote on the dishwasher subsequent to year end. It was noted that the District purchased the dishwasher from the vendor with the lowest quote.

Resolved. Procedures are in place for obtaining and retaining quotes for purchases.

**Section II Internal Control and Compliance Material to Federal Awards**

Not applicable.

**Section III Management Letter**

Not applicable.

This schedule has been prepared by management.